

# KansasCity★.com

October 14, 2009

## Dow breaks 10,000 barrier

*Submitted by Steve Rosen*

The Dow Jones industrial average is back above 10,000 for the first time in a year as investors bet the economy is indeed recovering from the financial crisis and recession.

Shortly after the noon hour, the Dow passed the milestone number -- barely. Quicker than it takes to check the stock ticker, the Dow dipped below the marker. But later in the afternoon it rallied again and stayed there.

The Dow closed at 10,015.86, up 144.80 points, almost 1.5 percent. The Nasdaq closed at 2,172.23, up 32.34, and the S&P 500 ended at 1,092.02, up 18.83.

The drivers today: Favorable earnings reports, especially better-than-expected results from Intel and JPMorgan.

The other trigger came with the release of retail sales. The data showed sales fell less than anticipated in September, a sign households will play a greater role in the emerging economic recovery.

The 1.5 percent decrease in purchases followed a 2.2 percent gain the prior month, figures from the Commerce Department showed today.

However, once the Cash for Clunkers impact is factored out of the numbers, sales actually climbed 0.5 percent.

The broad-based improvement indicates Americans are becoming more confident that the economy is recovering even as job losses persist. The report helps ease concern consumers will retrench as government stimulus, such as the "cash-for-clunkers" plan, fades and joblessness mounts.

"We are seeing decent, encouraging signs from the consumer," said Stephen Gallagher, chief U.S. economist at Societe Generale in New York. "We are optimistic on 2010, but we need to see employment increase."

Retail sales were projected to drop 2.1 percent after an originally reported 2.7 percent gain in August, according to the median estimate of 78 economists in a Bloomberg News survey. Forecasts ranged from declines of 0.6 percent to 4 percent.

Excluding automobiles, sales were forecast to increase 0.2 percent, according to the survey median.

**Retailers are seeing a "stair-step" recovery in consumer spending as the economy emerges from the recession, retail analyst Dana Telsey, founder of the Telsey Advisory Group in New York, said in an interview on Bloomberg Radio.**

Economist Steven Wood of Insight Economics noted the "solid gains" in many retail spending categories.

"However, rising unemployment, stagnant income growth and tight credit are still constraining spending," Wood wrote this morning. "Nevertheless, real consumer spending rose moderately in the third quarter, helping to propel economic growth into positive territory during the quarter."